

LETTER TO OUR MEMBERS:

To Our Members:

Seminole Electric Cooperative, Inc. ("Seminole") is pleased to present the enclosed interim consolidated financial statements including balance sheets, statements of revenue and expenses and patronage capital, and statements of cash flows as of or for the periods ended June 30, 2011 and 2010.

Operations:

Total revenues decreased 5%, 14%, and 6% for the quarter, year-to-date, and the twelve months ended June 30, 2011, compared to the same periods in 2010. Member revenues decreased 3%, 14%, and 6% for the quarter, year-to-date, and twelve months ended June 30, 2011 respectively. The decreases are due to 1%, 8%, and 5% reductions in MWhs sold combined with corresponding 2%, 6%, and 2% decreases in the average wholesale rate.

Total fuel expenses were 8% lower for the quarter and the year-to-date ended June 30, 2011 compared to the same periods in 2010. Fuel costs at Seminole Generating Station ("SGS") decreased 14% for the quarter and 7% for the year-to-date due to 15% and 12% decreases in the average cost per ton of coal burned, partially offset by 1% and 7% increases in quantity of coal burned. For the twelve months ended June 30, 2011, fuel costs at SGS increased 5% due to a 16% increase in quantity of coal burned partially offset by a 9% reduction in the average cost per ton. Fuel expenses for the Midulla Generating Station ("MGS") combined cycle unit increased 11% for the quarter ended June 30, 2011 reflecting a 9% increase in average cost per Dth of fuel, inclusive of natural gas hedges, combined with a 3% increase in MWhs generated. For the year-to-date ended June 30, 2011, fuel expenses at MGS combined cycle unit decreased 13% due to a 17% decrease in MWhs generated, partially offset by a 6% increase in average cost per Dth of fuel, inclusive of natural gas hedges. Fuel expenses at MGS combined cycle unit decreased 10% for the twelve month ended primarily due to a 10% reduction in total MWhs generated, combined with a 2% decrease in average cost per Dth of fuel, inclusive of natural gas hedges. Fuel expense at the

MGS peaking plant decreased 28% and 12% for the quarter and the year-to-date ended June 30, 2011 compared to the same periods in 2010. This was primarily due to 28% and 13% decreases in MWhs generated, partially offset by a 2% increase in average cost per Dth of fuel, inclusive of natural gas hedges.

Other production expenses decreased 8% and 3% for the quarter and year-to-date ended June 30, 2011 when compared to the same periods in 2010. The decreases were primarily due to timing differences in maintenance projects at SGS, and transmission facilities.

Purchased power costs decreased 5%, 22%, and 18% for the quarter, year-to-date, and the twelve months ended June 30, 2011 primarily resulting from 6%, 22%, and 25% reductions in MWhs purchased respectively.

Transmission expense increased 3% and 27% for the year-to-date and the twelve months ended June 30, 2011. The increases were primarily due to a required conversion from a Progress Energy Florida ("PEF") contract rate to PEF's Open Access Transmission Tariff.

Administrative and general expenses increased 10% for the quarter and 5% the year-to-date and the twelve months ended June 30, 2011. This was primarily due to several key staff position vacancies being filled in early 2011.

Net interest expense decreased 4% for the quarter and 3% for the year-to-date and the twelve months ended June 30, 2011 due to scheduled debt payments. Other income increased \$1.1M for the year-to-date and \$2.8M for the twelve months ended June 30, 2011 primarily due to sales of excess NOx emission allowances. The increase for the twelve months ended June 30, 2011 was also due to accelerated amortization of the deferred gain relating to the terminated SGS Unit 1 Leases.

Financial Position:

Net utility plant balances of June 30, 2011, as compared to June 30, 2010, show a decrease of \$12.2M. This is primarily due to scheduled depreciation, partially offset by capital improvements to SGS and transmission facilities. Investments held by trustees

increased \$59.6M for the same period primarily due to an increased deposit balance in the Rural Utilities Service ("RUS") cushion of credit account.

Current assets increased \$108.5M from 2010, due to increases in cash and cash equivalents, accounts receivable, current portion of regulatory deferred charges, and fuel inventory, partially offset by a decrease in prepayments and other. Accounts receivable increased \$14.2M primarily due to increased Member receivables. The current portion of regulatory deferred charges increased \$10.0M primarily due to an increase in the unrealized natural gas hedge loss position to be recognized over the next twelve months. Fuel inventory increased by \$7.8M from June 30, 2010 primarily associated with a 26% increase in coal stockpiled at SGS in preparation for a planned coal dumper retrofit outage. Prepayments and other decreased \$4.2M primarily due to lower margin account requirements associated with natural gas hedge contracts.

Non-current regulatory deferred charges decreased \$60.5M, primarily due to a reduction in unrealized natural gas hedge contract valuation losses combined with the scheduled amortization of deferred debt costs.

Total equity increased \$42.9M from 2010, reflecting twelve months ended net margin of \$44.4M, partially offset by a decrease of \$1.4M in other comprehensive margin relating to a reduction in unrealized actuarial gains on post-employment benefit obligations.

Long-term debt decreased during the past 12 months by \$29.1M mainly due to scheduled principal payments on existing long-term debt, partially offset by RUS loan draws of \$31.3M.

Total current liabilities increased \$47.2M from 2010 primarily due to increases in Member power bill prepayments, other accrued liabilities, current portions of regulatory deferred credits and long-term debt, partially offset by a decrease in accounts payable. Other accrued liabilities increased \$8.5M mainly due to increases accrued purchased power and fuel payables. The current portion of regulatory deferred credits increased \$4.4M

primarily due to an increase in accumulated fuel true-up payables. The current portion of long-term debt increased by \$2.8M due to scheduled increases in principal payments. Accounts payable decreased by \$11.4M primarily due to an \$8.0M decrease in purchased power payables and a \$3.6M decrease in other payables.

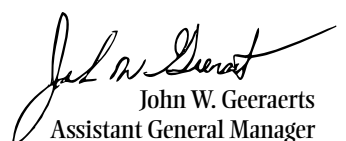
The noncurrent portion of Member power bill prepayments increased \$35.0M from June 30, 2010.

Working capital at June 30, 2011 of \$162.3M represents an increase of \$119.3M over the previous year. Seminole has available committed lines of credit totaling \$200.0M. Seminole achieved a current ratio of 1.50 at the end of June 2011 compared to 1.15 a year ago.

Other Matters:

On June 9, 2011, Seminole executives provided Moody's Investor Services an update to our financial and operational results and outlook. On July 13, 2011, Moody's affirmed Seminole's A3 senior secured rating and its stable rating outlook.

The accompanying consolidated balance sheets, statements of operations and statements of cash flows are unaudited. However, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) have been made and this report constitutes a fair and accurate representation of the consolidated financial position and operation of Seminole and its subsidiaries for the periods presented. These statements are prepared in accordance with generally accepted accounting principles and, in all material respects, in accordance with the RUS Uniform System of Accounts. Certain reclassifications have been made to previously reported amounts to conform to current classifications. There has been no change to net margins as previously reported. These statements should be read in conjunction with the financial statements and related notes included in Seminole's 2010 annual report.


John W. Geeraerts
Assistant General Manager
& Chief Financial Officer
July 29, 2011

Consolidated Balance Sheets

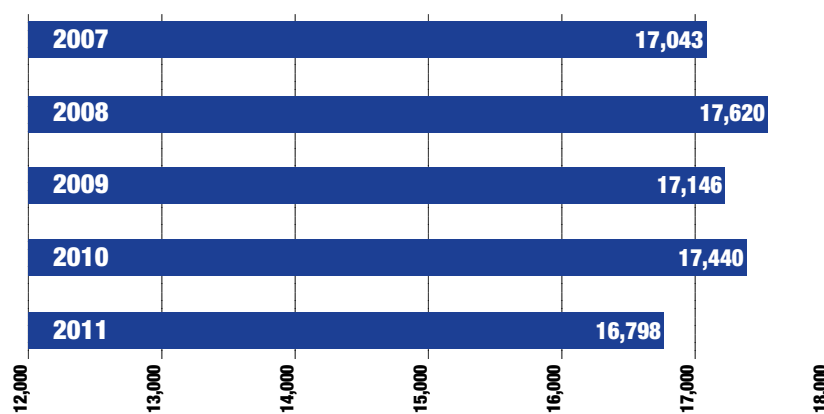
SEMINOLE ELECTRIC COOPERATIVE, INC. CONSOLIDATED BALANCE SHEETS (Unaudited) (Thousands)

	June 30,	
	2011	2010
ASSETS		
Utility plant:		
Plant in service	\$ 1,886,464	\$ 1,869,143
Construction work in progress	33,097	26,213
	<u>1,919,561</u>	<u>1,895,356</u>
Less accumulated depreciation and amortization	(630,535)	(594,081)
Utility plant, net	<u>1,289,026</u>	<u>1,301,275</u>
Investments:		
Investments in associated organizations, at cost	2,487	2,445
Investments held by trustees, restricted	91,878	32,314
Total investments	<u>94,365</u>	<u>34,759</u>
Current assets:		
Cash and cash equivalents	95,842	16,130
Receivables, principally for sales of electricity	102,632	88,438
Inventories, at average cost:		
Materials and supplies	27,412	26,462
Fuel	83,200	75,371
Prepayments and other	23,024	27,260
Current portion of regulatory deferred charges	75,837	65,831
Total current assets	<u>407,947</u>	<u>299,492</u>
Non current regulatory deferred charges		
	46,611	107,132
Total assets	<u>\$ 1,837,949</u>	<u>\$ 1,742,658</u>
EQUITIES AND LIABILITIES		
Equities:		
Memberships	\$ 1	\$ 1
Patronage capital	231,823	187,472
Donated capital	32	32
Accumulated comprehensive margin	1,188	2,616
Total equities	<u>233,044</u>	<u>190,121</u>
Long-term liabilities:		
Debt	1,215,174	1,244,224
Other	26,668	25,721
Total long-term liabilities	<u>1,241,842</u>	<u>1,269,945</u>
Current liabilities:		
Current portion of long-term debt	59,888	57,085
Accounts payable	51,233	62,593
Member power bill prepayments	139,264	96,375
Current regulatory deferred credits	10,944	6,549
Other accrued liabilities	65,847	57,329
Total current liabilities	<u>327,176</u>	<u>279,931</u>
Non current Member power bill prepayments		
	35,000	-
Non current regulatory deferred credit		
	887	2,661
Total equities and liabilities	<u>\$ 1,837,949</u>	<u>\$ 1,742,658</u>
Current ratio ⁽¹⁾	1.50	1.15

⁽¹⁾ includes \$81.5 million and \$23.4 million in RUS cushion of credit account funds listed under "Investments" for 2011 and 2010, respectively.

TOTAL ENERGY SALES (MWh x 1000)

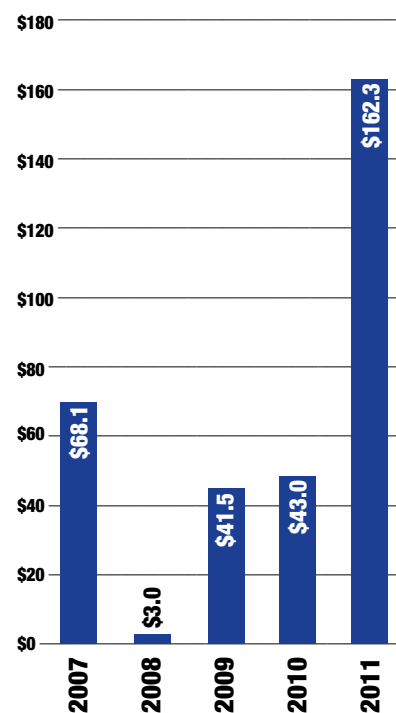
(For the twelve months ended June 30)



WORKING CAPITAL

(As of June 30)

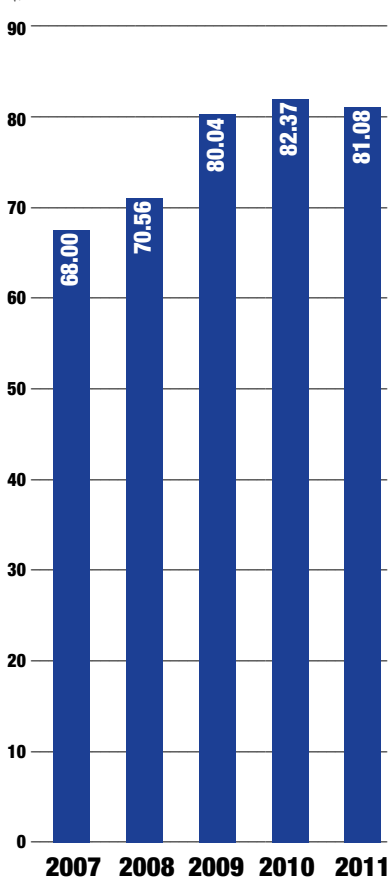
\$ x millions



WHOLESALE MEMBER COST

(For the twelve months ended June 30)

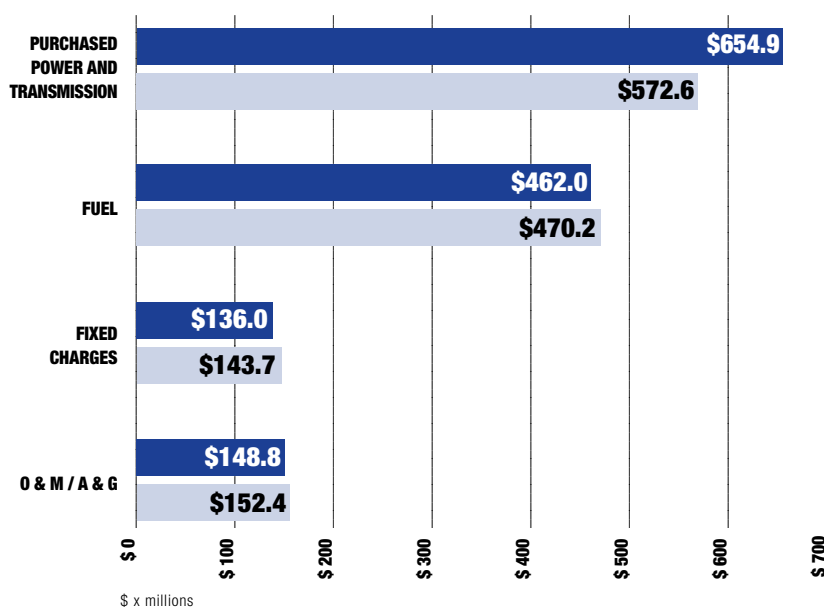
\$/MWh



OPERATING EXPENSES & INTEREST CHARGES

(For the twelve months ended June 30)

2010
2011



SEMINOLE ELECTRIC COOPERATIVE, INC.
CONSOLIDATED STATEMENTS OF REVENUE AND EXPENSES AND PATRONAGE CAPITAL
(Unaudited) (Thousands)

	For the three months ended June 30,		For the six months ended June 30,		For the twelve months ended June 30,	
	2011	2010	2011	2010	2011	2010
Operating revenues	\$ 315,121	\$ 330,782	\$ 638,818	\$ 742,100	\$ 1,355,633	\$ 1,435,793
Operating expenses:						
Operation:						
Fuel	111,840	121,139	217,175	236,626	460,758	461,945
Other production expenses	32,358	35,264	62,637	64,866	121,865	122,020
Purchased power	127,878	134,281	222,590	285,876	482,716	589,312
Transmission	16,053	15,997	37,526	36,264	83,577	65,586
Administrative and general	7,165	6,538	14,626	13,985	28,237	26,817
Depreciation and amortization - non-fuel	14,598	15,377	29,316	30,808	69,170	60,354
Total operating expenses	309,892	328,596	583,870	668,425	1,246,323	1,326,034
Operating margin before interest expense	5,229	2,186	54,948	73,675	109,310	109,759
Interest expense, net of amounts capitalized	17,757	18,468	35,742	36,926	73,006	75,629
Operating margin/(deficit)	(12,528)	(16,282)	19,206	36,749	36,304	34,130
Other income:						
Interest	899	721	1,976	1,658	3,694	3,096
Other	565	237	1,964	832	4,353	1,541
Net margin/(deficit)	(11,064)	(15,324)	23,146	39,239	44,351	38,767
Patronage capital, beginning of period	242,887	202,796	208,677	148,233	187,472	148,705
Patronage capital, end of period	\$ 231,823	\$ 187,472	\$ 231,823	\$ 187,472	\$ 231,823	\$ 187,472
* Megawatt hours sold - Members	4,144,725	4,177,886	7,627,862	8,300,048	16,257,280	17,099,241
* Megawatt hours sold - non-Members	173,838	244,743	305,956	281,974	540,609	340,412
* Wholesale Member power cost - \$/MWh	73.03	74.66	81.13	86.75	81.08	82.37
Total sales - \$/MWh	72.55	74.23	80.04	86.06	80.25	81.96
TIER					1.67	1.57
MFI					1.67	1.57
DSC					1.37	1.35

* All rate schedules

SEMINOLE ELECTRIC COOPERATIVE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (Thousands)

	For the three months ended June 30,		For the six months ended June 30,		For the twelve months ended June 30,	
	2011	2010	2011	2010	2011	2010
Cash flows from operating activities:						
Net margin	\$ (11,064)	\$ (15,324)	\$ 23,146	\$ 39,239	\$ 44,351	\$ 38,767
Adjustments to reconcile to net cash provided by operating activities:						
Depreciation and amortization	14,905	16,470	29,710	31,327	70,205	61,626
Change in assets and liabilities:						
Receivables	(41,196)	(31,510)	16,398	(5,684)	(14,192)	6,944
Inventories	(8,156)	(13,122)	(1,989)	(14,647)	(8,779)	30,549
Other current assets	15,698	23,913	30,199	(19,779)	50,635	28,489
Deferred charges	(8,080)	(1,257)	(16,852)	(27,868)	(5,567)	(36,299)
Other long-term liabilities	(1,151)	114	(738)	(107)	(1,864)	(14,234)
Accounts payable	11,300	2,124	1,455	19,019	(11,359)	10,861
Member power bill prepayments	52,429	14,773	36,445	(15,974)	77,889	30,147
Other accrued liabilities	10,382	8,568	(7,903)	24,719	8,612	(22,604)
Total adjustments	46,131	20,073	86,725	(8,994)	165,580	95,479
Net cash provided by/(used in) operating activities	35,067	4,749	109,871	30,245	209,931	134,246
Cash flows from investing activities:						
Capital expenditures	(12,961)	(10,705)	(19,411)	(17,900)	(45,017)	(34,937)
Purchases of investments	(62,557)	(1,243)	(63,683)	(25,161)	(164,277)	(74,501)
Proceeds from maturities of investments	27,124	23,509	74,816	47,318	105,323	53,976
Net cash provided by/(used in) investing activities	(48,394)	11,561	(8,278)	4,257	(103,971)	(55,462)
Cash flows from financing activities:						
Proceeds from line-of-credit	-	50,045	-	157,380	41,115	247,634
Payments of line-of-credit	-	(50,045)	(95)	(157,380)	(41,115)	(281,464)
Proceeds from long-term borrowings	-	-	-	-	31,293	23,747
Payments of long-term debt	(13,392)	(12,730)	(39,529)	(25,415)	(57,541)	(53,863)
Net cash provided by/(used in) financing activities	(13,392)	(12,730)	(39,624)	(25,415)	(26,248)	(63,946)
Net increase/(decrease) in cash and cash equivalents	(26,719)	3,580	61,969	9,087	79,712	14,838
Cash and cash equivalents, beginning of period	122,561	12,550	33,873	7,043	16,130	1,292
Cash and cash equivalents, end of period	\$ 95,842	\$ 16,130	\$ 95,842	\$ 16,130	\$ 95,842	\$ 16,130



Board Officers

Robert W. Strickland
President

Malcolm V. Page
Vice President

W. F. Hart
Secretary/Treasurer

Chief Executive Officer

Timothy S. Woodbury
CEO & General Manager

Please direct inquiries to:

Seminole Electric Cooperative, Inc.
*Assistant General Manager &
Chief Financial Officer*

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Web Address:
www.seminole-electric.com

**Owned by those we serve –
10 member distribution cooperatives:**

Central Florida Electric Cooperative
Chiefland, FL

Clay Electric Cooperative
Keystone Heights, FL

Glades Electric Cooperative
Moore Haven, FL

Lee County Electric Cooperative
North Fort Myers, FL

Peace River Electric Cooperative
Wauchula, FL

Sumter Electric Cooperative
Sumterville, FL

Suwannee Valley Electric Cooperative
Live Oak, FL

Talquin Electric Cooperative
Quincy, FL

Tri-County Electric Cooperative
Madison, FL

Withlacoochee River Electric Cooperative
Dade City, FL

OUR MISSION

To be the preferred provider of wholesale energy services for our Members.

OUR VISION

To be a leading competitor in the Florida energy market, trusted and respected by our Members, employees, business partners, and community.

To provide our employees a safe, challenging and rewarding work environment, where pride and commitment are the hallmark of our operations.

OUR VALUES

We uphold the highest ethical and professional standards.

We believe that Cooperative ownership and principles are the cornerstone of our success.

We affirm that innovation, communication, accountability, and teamwork are essential ingredients to achieve Member satisfaction.

We are committed to improving the quality of life in our communities.

We are responsible stewards of our environment.



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